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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

1 METAL JEANS, INC., a Nevada
2 corporation,

3 Plaintiff,

4 v.

5 ANO VELI SAMUEL TURTIAINEN
6 and-METAL SPORT, INC.,

7 Defendants.

Case No. 2:15-cv-08987-DDP-RAOx

The Hon. Dean D. Pregerson

**PLAINTIFF METAL JEANS, INC.'S
PRELIMINARY OPPOSITION TO
DEFENDANT METAL SPORT
INC.'S MOTION FOR
ATTORNEYS' FEES AND NON-
TAXABLE COSTS**

Date: December 23, 2019

Time: 10:00 a.m.

Ctrm: 9C, 9th Floor

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1 **I. INTRODUCTION**

2 Plaintiff Metal Jeans, Inc. (“Plaintiff”) respectfully submits this Preliminary
3 Opposition in response to Defendant Metal Sport, Inc.’s (“Defendant”) Motion for
4 Attorneys’ Fees and Non-Taxable Costs (Dkt. 208) (“Motion”). This Opposition is
5 preliminary because on November 26, 2019, the parties submitted a Joint Stipulation
6 and Proposed Order to continue the Motion hearing date to February 24, 2020, and
7 set a briefing schedule such that Plaintiff’s Opposition would be due January 13,
8 2020, and Defendant’s Reply due February 10, 2020 (Dkt. 213). The Court has not
9 yet acted upon the Joint Stipulation and Proposed Order. As such, Plaintiff submits
10 this preliminary Opposition to preserve its rights, and intends to submit a
11 comprehensive Opposition on January 13, 2020 if the Court agrees to the parties’
12 proposed hearing date and briefing schedule.

13 With that said, Plaintiff has also submitted an ex parte application on
14 December 2, 2019 requesting that all briefing and consideration of Defendant’s
15 Motion be deferred until Plaintiff’s appeal has concluded (Dkt. 214). As set forth in
16 Plaintiff’s ex parte application, the Ninth Circuit’s decision could render any
17 briefing or consideration of Defendant’s Motion moot, and therefore the Court
18 should exercise its discretion to stay briefing and consideration of the Motion for the
19 duration of the appeal, or dismiss the Motion without prejudice to Defendant
20 renewing it after the appeal has concluded. Plaintiff reserves the right to contest
21 whether the case is exceptional in the event that the Ninth Circuit does not affirm
22 the Court’s ruling on the parties’ cross-motions for summary judgment.

23 If the Court is inclined to rule now, Defendant’s Motion should be denied.
24 The Court should exercise its discretion to deny fees because this case is not
25 exceptional. In particular, Plaintiff did not procure the METAL mark through fraud
26 as argued by Defendant, and Plaintiff’s litigation conduct did not stand out from
27 other lawsuits as to justify a fee award. If the Court grants fees, it should exercise
28 its discretion to reduce Defendant’s award from the amount sought.

1 **II. LEGAL STANDARD**

2 “The general American rule is that the prevailing party may not recover
3 attorney’s fees absent express provision of a contract or statute or exceptional
4 circumstances warranting the exercise of equitable powers.” *Hannon v. Sec. Nat.*
5 *Bank*, 537 F.2d 327, 328 (9th Cir. 1976). The Lanham Act provides that “in
6 exceptional cases,” the Court may award “reasonable attorney fees to the prevailing
7 party.” 15 U.S.C. § 1117(a).

8 The Supreme Court in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*,
9 572 U.S. 545 (2014) clarified how to analyze fee requests under the Patent Act (35
10 U.S.C. § 285), and the Patent Act’s fee-shifting provision is identical to that of the
11 Lanham Act (15 U.S.C. § 1117(a)). *SunEarth, Inc. v. Sun Earth Solar Power Co.*,
12 839 F.3d 1179, 1180 (9th Cir. 2016) (en banc). As such, the Ninth Circuit has
13 adopted the *Octane Fitness* analysis for interpreting fee requests under the Lanham
14 Act. *SunEarth, Inc., supra*, 839 F.3d at 1180-81.

15 Under *Octane Fitness*, a case is “exceptional” if it “stands out from others
16 with respect to substantive strength of a party’s litigating position (considering both
17 the governing law and the facts of the case) or the unreasonable manner in which the
18 case was litigated.” *Octane Fitness, supra*, 572 U.S. at 554. Courts should look at
19 the “totality of the circumstances” on a case-by-case basis, exercising discretion to
20 determine whether a case is exceptional. *SunEarth, Inc., supra*, 839 F.3d at 1180
21 (citing *Octane Fitness, LLC, supra*, 572 U.S. at 554). There is no “precise rule or
22 formula” in this context; however, *Octane Fitness* refers to a list of “nonexclusive”
23 factors including “frivolousness, motivation, objective unreasonableness (both in the
24 factual and legal components of the case) and the need in particular circumstances to
25 advance considerations of compensation and deterrence.” *SunEarth, Inc., supra*, 839
26 F.3d at 1181 (citing *Octane Fitness, LLC, supra*, 572 U.S. at 554 n.6).

27 It is “the rare case in which a party’s unreasonable conduct – while not
28 necessarily independently sanctionable – is nonetheless so ‘exceptional’ as to justify

1 an award of fees.” *Octane Fitness, LLC, supra*, 572 U.S. at 555. “[A]wards are
 2 never automatic and may be limited by equitable considerations.” *Rolex Watch,*
 3 *U.S.A., Inc. v. Michel Co.*, 179 F.3d 704, 711 (9th Cir. 1999) (internal quotes and
 4 citations omitted); *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132, 1134 (9th
 5 Cir. 1986) (noting that under the Lanham Act, while courts “may” award fees in
 6 exceptional cases, the Act does not require them).

7 The party seeking fees bears the burden by a preponderance of the evidence to
 8 demonstrate that a case is exceptional. *Applied Info. Sciences Corp. v. eBay, Inc.*,
 9 511 F.3d 966, 973 (9th Cir. 2007) (affirming denial of fees where there was not
 10 “compelling proof”).

11 **III. ARGUMENT**

12 **A. The Court Should Defer Briefing and Consideration Of** 13 **Defendant's Motion Until The Appeal Has Concluded**

14 On August 6, 2019, Plaintiff filed a Notice of Appeal of this Court’s July 9,
 15 2019 Order granting summary judgment in favor of Defendant based on the doctrine
 16 of unclean hands (Dkt. 193). Dkt. 197. Defendant filed its Motion on November
 17 25, 2019 (Dkt. 208), three and a half months after the appellate proceedings began.
 18 Defendant's Motion is premised on the District Court's findings of unclean hands in
 19 its summary judgment Order (Dkt. 193). *See* Motion (Dkt. 208) at pp. 4-6, 11-13, 17-
 20 18. Plaintiff specifically challenges the same ruling on appeal, and therefore the
 21 findings providing the basis for Defendant’s Motion are currently subject to the
 22 Ninth Circuit’s *de novo* review. *See* Dkt. 197; *Guatay Christian Fellowship v. Cnty.*
 23 *of San Diego*, 670 F.3d 957, 970 (9th Cir. 2011) (*de novo* standard of review applies
 24 to summary judgment orders). As such, the outcome of the appeal affects whether
 25 Defendant is entitled to seek fees. If the Ninth Circuit vacates the District Court’s
 26 Order, Defendant would no longer be a “prevailing party” and no longer be entitled
 27 to seek recovery of its fees. Alternatively, even if the summary judgment order is
 28 not vacated, the Ninth Circuit may make determinations that impact the arguments

1 raised in Defendant's Motion, including whether this case “stands out” from other
2 cases as exceptional.

3 As such, Plaintiff respectfully requests the Court stay all briefing and
4 consideration of Defendant's Motion for the duration of the appeal; or, in the
5 alternative, Plaintiff requests the Court deny the Motion without prejudice to
6 Defendant renewing said Motion following conclusion of the appeal. Plaintiff has
7 requested this relief in its ex parte application filed on December 2, 2019. Dkt. 214.

8 This Court has substantial flexibility when it comes to deciding Defendant’s
9 Motion, as the Federal Rules of Civil Procedure permit the Court to defer
10 consideration of all issues related to fees until Plaintiff’s appeal has concluded: “If
11 an appeal on the merits of the case is taken, the court may rule on the claim for fees,
12 may defer its ruling on the motion, or may deny the motion without prejudice,
13 directing . . . a new period for filing after the appeal has been resolved.” Fed. R.
14 Civ. P. 54 advisory committee’s note to 1993 amendment; *see also* Fed. R. Civ. P.
15 58 advisory committee note (“Particularly if the claim for fees involves substantial
16 issues or is likely to be affected by the appellate decision, the district court may
17 prefer to defer consideration of the claim for fees until after the appeal is resolved.”)
18 (emphasis added). A Delaware District Court recently deferred briefing and
19 decision on a fee motion by denying a party's fee motion without prejudice to the
20 party renewing said motion following conclusion of the appeal. *See Wi-Lan Inc. v.*
21 *VIZIO, Inc.*, Case No. 1:15-cv-00788-LPS, U.S. District Court for the District of
22 Delaware (Wilmington), Dkt. 462.¹ District Courts in the Ninth Circuit have also
23 routinely deferred ruling on fee motions pending resolution of an appeal. *See, e.g.,*
24 *Sam Francis Foundation v. Christies, Inc.*, No. CV118605MWFFFMX, 2012 WL
25 12887639, at *2 (C.D. Cal., Nov. 6, 2012) (denying fee motion without prejudice
26

27
28 ¹ The Delaware Court's Oral Order dated October 23, 2019 is shown on the Court
Docket which is attached as Exh. B to Babst Decl. in support of Plaintiff's Ex Parte
Application to Defer Briefing and Consideration of the Fee Motion, *See* Dkt. 214-1.

1 and inviting party to renew its motion following resolution of the appeal, stating
2 “[t]he Federal Rules allow the Court to defer ruling on such a motion where, as here,
3 judicial economy and general principles of efficiency are better served by a decision
4 following the conclusion of the underlying appeal.”); *G.P.P., Inc. v. Guardian*
5 *Protection Products, Inc.*, No. 1:15-CV-00321-SKO, 2018 WL 932087, at *2 (E.D.
6 Cal., Feb. 16, 2018) (staying and holding in abeyance the parties’ respective fee
7 motions and bills of costs pending resolution of appeal); *Schrupp v. Wells Fargo*
8 *Bank, N.A.*, No. CV 2:16-636 WBS KJN, 2018 WL 3135965, at *1 (E.D. Cal., June
9 20, 2018) (staying fee motion pending resolution of the appeal); *FlowRider Surf,*
10 *Ltd. v. Pacific Surf Designs, Inc.*, No. 3:15CV01879BENBLM, 2018 WL 6830611,
11 at *3 (S.D. Cal., Dec. 21, 2018) (dismissing without prejudice a fee motion and
12 inviting party to renew its fee motion after the appeal has concluded; stating
13 “[d]ismissal allows the parties an opportunity to argue the merits of the motion in
14 light of the appellate disposition, should [party] choose to renew its motion.”).

15 As such, the briefing and consideration of the Motion should be stayed until
16 the Ninth Circuit appeal has concluded. Deferring consideration of fees until after
17 the appeal is the best course of action, as it would spare the parties and the Court
18 considerable effort in the event that the Court’s ruling on unclean hands is not
19 affirmed by the Ninth Circuit.

20 **B. Defendant's Motion Should Be Denied As Untimely**

21 The Court’s Order on the Cross-Motions for Summary Judgment (Dkt. 193)
22 (“MSJ Order”) was issued on July 9, 2019. The MSJ Order disposed of all the
23 claims in the case and meets the criteria of a “final judgment” under 28 U.S. Code
24 § 1291. *See Riley v. Kennedy*, 553 U.S. 406, 419 (2008) (“A final judgment is one
25 which ends the litigation on the merits and leaves nothing for the court to do but
26 execute the judgment.”). Accordingly, the deadline to file Defendant’s motion for
27 attorneys’ fees was July 23, 2019. *See Local Rule 54-7* (requiring a motion for fees
28 to be filed and served within 14 days after the entry of judgment *or other final*

1 *order*, unless otherwise ordered by the court) (emphasis added). Defendant,
2 however, waited until November 25, 2019 to file its fee motion. Defendant's
3 motion is therefore untimely, and this Motion should be denied in its entirety as a
4 result.²

5 **C. Defendant Has Failed To Show That This Is An Exceptional Case**

6 **1. Plaintiff's Procurement Of Its Trademark Rights At Issue In**
7 **This Case Was Not Exceptional**

8 Defendant argues that this is an exceptional case because Plaintiff allegedly
9 procured its trademark rights at issue in this case through fraud.³ Defendant points
10 to the following in support of its argument: (1) Plaintiff's first trademark registration
11 for the METAL mark (the "572 Registration") was cancelled because it falsely
12 included boots as covered goods; (2) the first use dates in its trademark registration
13 at issue in this case (the "652 Registration") differ from first use dates submitted to
14 the USPTO in connection with another unrelated trademark registration; (3)
15 Plaintiff's owner ("Topolewski") purportedly made false statements to the USPTO
16 regarding how Plaintiff promoted itself as a "premium denim lifestyle clothing
17 brand" during prosecution of the 652 Registration; and (4) Plaintiff made
18 inconsistent statements regarding how it acquired its trademark rights. Defendant's
19 arguments are meritless in the context of this Motion.

20 *First*, Plaintiff's actions with respect to the 572 Registration should not be
21

22 ² On November 21, 2019, Defendant filed its Proposed Judgment with the Court.
23 Dkt. 203. Plaintiff objected to that filing the next day. Dkt. 204. On November 25,
24 2019, the Court filed its formal Judgment in this matter. Dkt. 205. Plaintiff
maintains that Defendant's Motion is untimely pursuant to Local Rule 54-7 despite
these recent filings.

25 ³ In its Summary Judgment Order, the Court granted Defendant's motion for
26 summary judgment "on the ground that Plaintiff comes before this court with
unclean hands." Dkt. 193 at pp. 16-17. The Court also made several findings of fact
27 in reaching that conclusion. *Id.* at pp. 7-17. Plaintiff has appealed the Court's
Summary Judgment Order to the Ninth Circuit. Accordingly, Plaintiff respectfully
28 presents certain arguments that may be contrary to the Court's findings in this
Opposition based on the understanding that some or all of the Court's findings may
be reversed on appeal.

1 considered with respect to this Motion because that mark is simply not the
2 trademark at issue in this case. Fee awards under § 1117(a) focus on the harm to the
3 prevailing party, not on penalizing the wrongdoer. *Octane Fitness*, 572 U.S. at 548-
4 49. Accordingly, courts generally only sanction conduct that occurred outside of the
5 pending litigation if a party engaged in bad-faith conduct *in direct defiance of the*
6 *sanctioning court*. See *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 687 F.3d
7 1300, 1318-19 (Fed. Cir. 2012), vacated on other grounds, 134 S.Ct. 1744 (2014)
8 (holding that the district court erred in finding the case exceptional under § 285
9 based on representations made before a different tribunal) (emphasis added); *FDIC*
10 *v. Maxxam, Inc.*, 523 F.3d 566, 591 (5th Cir. 2008) (holding that a court generally
11 should sanction “conduct beyond that occurring in trial [only] when a party engages
12 in bad-faith conduct which is in direct defiance *of the sanctioning court*.”)
13 (emphasis in the original).

14 Here, the 572 Registration is irrelevant to Plaintiff’s claims, which are based
15 on the 652 Registration. Plaintiff has taken no actions with regard to the 572
16 Registration that were in direct defiance of this Court, as the Court has issued no
17 Orders in this matter with respect to the 572 Registration. Moreover, Defendant
18 failed to satisfy its burden to establish that Plaintiff’s actions with respect to the 572
19 Registration actually harmed Defendant in any way. Accordingly, Plaintiff’s actions
20 with respect to the 572 Registration should not be considered with respect to this fee
21 motion. Cf. *Maxxam*, 523 F.3d at 593 (“To the extent that the FDIC engaged in
22 underlying conduct that the district court found distasteful . . . it is not within the
23 court’s power to sanction such conduct.”).

24 Moreover, even if the 572 Registration is considered as a part of this Motion,
25 Topolewski’s conduct relating to that registration was not exceptional. It is
26 undisputed that the 572 Registration rightfully identified jeans and shirts as goods
27 covered by the mark. The inclusion of “boots” as covered goods was a mistake, as
28 was Topolewski’s decision to sign an affidavit repeating that mistake. However,

1 Defendant failed to present any evidence demonstrating that Topolewski's actions
2 were made with any bad intent, and certainly could have been the result of mere
3 inadvertence. *See Digeo, Inc. v. Audible, Inc.*, 505 F.3d 1362, 1369 (Fed. Cir. 2007)
4 ("Merely negligent conduct does not suffice to establish that a case is exceptional.").
5 Thus, based on this record, it would be inappropriate to conclude that Defendant has
6 satisfied its burden of demonstrating that Topolewski's actions were exceptional.

7 *Second*, the dates of first use submitted as a part of the 652 Registration differ
8 from dates included in a 2007 Interrogatory Response made in connection with the
9 USPTO proceedings involving a separate trademark, the 572 Registration. *Compare*
10 Dkt. 145, Marcus Decl. Exh. 6 (652 Registration Application) *with* Exh. 20 (2007
11 Interrogatory Responses re 572 Registration). Based on this discrepancy, Defendant
12 assumes that the 652 Registration includes false information. However, Defendant
13 failed to present any evidence to substantiate this assumption. Indeed, Plaintiff's
14 representations about the relevant first use dates for the 652 Registration have been
15 consistent except for one interrogatory response from 2007. *See, e.g.*, Dkt. 145,
16 Marcus Decl. Exh. 5 (11/19/18 Topolewski Dep. at p. 279:3-10) and Exh. 6 (652
17 Registration Application) (each confirming the first use in commerce of the Metal
18 mark on jeans and shirts was June 20, 1990). Thus, it is entirely possible that the
19 2007 Interrogatory Response, and not the 652 Registration Application, includes
20 incorrect dates. The 2007 Interrogatory Response was submitted in an unrelated
21 proceeding and was not made in defiance of this Court. Accordingly, Defendant
22 should not be permitted to use conduct from another unrelated proceeding about a
23 separate trademark, which it was not harmed by, to argue that the instant case was
24 exceptional. *Highmark, supra*, 687 F.3d at 1318-19 (holding that the district court
25 erred in finding the case exceptional under § 285 based on representations made
26 before a different tribunal)(emphasis added); *FDIC, supra*, 523 F.3d at 591 (holding
27 that a court generally should sanction "conduct beyond that occurring in trial [only]
28 when a party engages in bad-faith conduct which is in direct defiance of the

1 *sanctioning court.”*) (emphasis in original).

2 Moreover, even if the 2007 Interrogatory Response is considered, the fact that
3 it included some inconsistent dates from the 652 Registration is not exceptional.
4 Defendant failed to present any evidence demonstrating that the responses in the
5 2007 Interrogatory Response were made with any bad intent, and could have been
6 the result of mere inadvertence (or even typographical errors). *Digeo*, 505 F.3d at
7 1369. This is especially true since the 2007 Interrogatory Response asks about
8 events that occurred in the 1990s where remaining records may be limited. Thus,
9 based on this record, it would be inappropriate to conclude that Defendant has
10 satisfied its burden of demonstrating that the discrepancy with respect to first use
11 dates was exceptional.

12 *Third*, Defendant argues that Plaintiff’s statement to the USPTO that it
13 promoted itself as a “premium denim lifestyle clothing brand” was false based on
14 deposition testimony from Topolewski. However, that argument mischaracterizes
15 Topolewski’s complete testimony. At his deposition, Topolewski explained that the
16 “premium denim lifestyle clothing” makes up only a portion of Plaintiff’s sales.
17 Specifically, Counsel pointed to the representation in the 2010 brief submitted to the
18 USPTO and asked: “Is that accurate?” In response, Topolewski stated: “That’s very
19 limited what we have been selling [*sic*]; so no, it’s not accurate.” Dkt. 145, Marcus
20 Decl. Exh. 1 (9/27/18 Topolewski Dep. at p. 206:6-13). The full response shows
21 ambiguity as to whether Topolewski was saying the statement was inaccurate to an
22 extent, or completely inaccurate, and there is ambiguity as to if he is referring to the
23 accuracy of the statement *when made* or as it relates to Plaintiff’s current marketing
24 scheme. The inference that the statement refers only to the expansion of Plaintiff’s
25 current marketing is supported by Topolewski’s testimony that the Metal brand also
26 targets consumers interested in a brand that represents strength, toughness, and
27 sportiness. Dkt. 157, Adli Decl. Exh. 2 (Response to Interrogatory No. 9).
28 Accordingly, there are, at a minimum, competing inferences to be drawn from

1 Topolewski's deposition testimony, and it would be unreasonable to characterize
2 this as exceptional conduct sufficient to award fees in this case.

3 *Fourth*, Defendant argues that Plaintiff's alleged "inconsistent positions" on
4 how Plaintiff acquired the METAL mark further bolsters the exceptionality of
5 Plaintiff's conduct. It does not. Topolewski America, Inc. and Plaintiff are both
6 owned by Topolewski. Given the common ownership and close relationship
7 between the entities involved, it is possible that Topolewski – who is not an attorney
8 – believed that he could (and did) assign trademark rights from Topolewski
9 America, Inc. to Plaintiff without the assignment being in writing. While that belief
10 may be incorrect as a matter of law, that does not mean that Topolewski deliberately
11 intended to deceive when he testified at his deposition that an assignment had
12 occurred. The fact that a lay person provided an incorrect legal conclusion at a
13 deposition is understandable, and therefore not exceptional.

14 Overall, Defendant cannot show that Plaintiff procured the trademark rights at
15 issue in this case through fraud, and therefore falls far short of demonstrating that
16 Plaintiff's conduct was exceptional.

17 **2. Plaintiff's Representations To The Public Were Not**
18 **Exceptional**

19 Defendant also argues that Plaintiff deceived consumers about its products
20 and trademarks, which was sufficiently exceptional as to warrant fees. Defendant's
21 arguments lack merit.

22 Defendant first argues that Plaintiff falsely represented to consumers that
23 Plaintiff owned "the METAL trademark" as early as 2002, when the mark was in
24 fact owned by Topolewski America, Inc. However, as set forth above, Topolewski
25 (as a lay person and not an attorney) could have believed that to be true in 2002.
26 Notably, Topolewski lacked any motive to intentionally make a false representation
27 about this subject matter in 2002, long before the parties' dispute arose, which
28 supports the conclusion that this was an innocent error. Thus, this is another

1 understandable mistake that Topolewski made in the past without any deceptive
2 intent, and therefore it should not be considered exceptional.

3 Moreover, the evidence relating to this argument is a single archived web
4 page from March 25, 2002. Dkt. 145, Marcus Decl. Exh. 17. There is, however, no
5 evidence in the record as to how long this representation remained on Plaintiff's
6 website, or if anyone was actually misled by representation. Defendant also failed
7 to provide any arguments as to how it was harmed from this representation that
8 occurred in 2002. Accordingly, this single representation was not exceptional as to
9 justify a fee award.

10 Defendant's other argument is that Plaintiff made representations to the
11 consuming public about how the products sold under the "METAL" mark were
12 "American made" when, according to Defendant, Plaintiff knew that the statement
13 was false. Defendant's argument is specious at best based on the actual record
14 evidence. Plaintiff did use the slogan "American made, American worn" in its
15 marketing materials. Dkt. 145, Marcus Decl. Exh. 5 (11/19/18 Topolewski Dep. at
16 p. 248:3-21). Plaintiff also marketed its products as follows: "Metal presents
17 American made hats, shirts and jeans for the true, defiant, well-strapping man, who
18 is better served burning it up on his hog, hammering away on his axe, getting fat air
19 on the slopes or dropping napalm on the enemy." *Id.* at p. 250:1-11. Significantly,
20 Plaintiff does make hats, shirts, and jeans in America, and the marketing materials
21 do not include any absolute statements or guarantees. *See* Dkt. 145, Marcus Decl.
22 Exh. 20 at p. 5 (Interrogatory Response No. 8). Thus, at a minimum, Plaintiff's use
23 of its slogan and marketing statements were not exceptionally misleading.

24 In addition, Defendant argues that Topolewski lied during his deposition
25 during the following exchange: "Q: Have Metal Jeans clothing products always
26 been made in the United States? A: Yes." Defendant implies that Topolewski
27 testified that every single product ever sold by Plaintiff was made in the United
28 States. But that goes beyond what was asked, and what Topolewski actually

1 testified to. Plaintiff has always made some products in the United States, which is
2 also consistent with Topolewski's (vague) testimony. The parties obviously
3 disagree about the scope of Topolewski's testimony, and Defendant can certainly try
4 and impeach Topolewski using his prior deposition testimony, but this type of
5 disagreement is common in litigation and does not amount to exceptional conduct
6 that justifies an award of fees.

7 In sum, Defendant cannot show that any of Plaintiff's representations to the
8 public were exceptional.

9 **3. Plaintiff's Litigation Conduct Was Not Exceptional**

10 **a. Plaintiff Has Been Sufficiently Sanctioned For Its**
11 **Litigation Conduct, And No Additional Fee Award Is**
12 **Necessary**

12 Defendant highlights three separate instances where Plaintiff was officially
13 reprimanded by the Court for its litigation conduct. In the first instance, the Court
14 determined that Plaintiff's former counsel was unprepared for the parties' settlement
15 conference, and sanctioned Plaintiff as a result. Dkt. 96. In the second instance,
16 Plaintiff was sanctioned for improper deposition conduct by Plaintiff's former
17 counsel. Dkt. 132. In the third instance, Plaintiff was held in contempt for failure to
18 pay previously ordered sanctions. Dkt. 183.

19 Of relevance to this Motion, the Court already awarded Defendant its
20 attorneys' fees for the first two instances, and Defendant's attorneys' fees request
21 for the third instance is pending. Accordingly, Plaintiff respectfully submits that
22 these instances of alleged litigation misconduct have either already been addressed
23 by the Court, or can be addressed individually (for the pending fee motion relating
24 to the contempt order). There is no need for additional attorneys' fees to be awarded
25 based on the same litigation conduct.

26 **b. Other Litigation Conduct Highlighted By Defendant Is**
27 **Not Exceptional**

28 Defendant provides other instances of alleged litigation misconduct; yet, none

1 of the alleged misconduct was exceptional.

2 *First*, Defendant alleges that Plaintiff failed to perform any pre-suit
3 investigations for this lawsuit. However, Defendant lacks any evidence to
4 substantiate its claim. At most, Defendant argues that Plaintiff’s pre-suit
5 investigations were inadequate because Topolewski testified at his deposition that he
6 did not personally know that Defendant sold powerlifting gear. But that argument
7 falls far short of establishing that Plaintiff and its counsel failed to perform any pre-
8 suit investigations in this action. Indeed, Plaintiff knew that Defendant was selling
9 clothing using the METAL mark from the outset. *See, e.g.*, Dkt. 1 at ¶ 3. This alone
10 justified Plaintiff filing suit against Defendant in this action. Defendant’s argument
11 is further undermined by the Court’s summary judgment order finding that triable
12 issues of fact remain with respect to whether Defendant’s use of the stylized
13 METAL mark is likely to cause confusion with Plaintiff’s METAL products. Dkt.
14 193 at p. 7. Plaintiff clearly had a basis for bringing this case, which help
15 demonstrate that this action was not exceptional. *See Secalt S.A. v. Wuxi Shenxi*
16 *Constr. Machinery Co., Ltd.*, 668 F.3d 677, 687 (9th Cir. 2012) (“[A]n action is
17 exceptional under the Lanham Act if the plaintiff has no reasonable or legal basis to
18 believe in success on the merits.”).

19 *Second*, Defendant argues that this case was exceptional because Plaintiff
20 continued to prosecute this case despite admitting Plaintiff was not aware of any lost
21 sales. Defendant’s argument, however, is meritless since Plaintiff’s potential
22 damages are not limited to just lost profits. For example, Plaintiff can seek
23 disgorgement damages without having to prove any lost sales. Moreover, Plaintiff
24 also seeks an injunction in this matter to protect its goodwill, which justifies the
25 continued prosecution of this lawsuit. *See Sand Hill Advisors, LLC v. Sand Hill*
26 *Advisors, LLC*, 2010 WL 8500520, at *4 (N.D. Cal. Sept. 20, 2010) (denying
27 defendant’s motion for attorneys’ fees because the plaintiff’s reason for bringing the
28 action was to protect its goodwill, which was a “legitimate [reason],” and even

1 though the court ultimately rejected the plaintiff's contentions, that did not mean the
2 action was frivolous). Thus, it was not exceptional for Plaintiff to prosecute this
3 case even without any evidence of lost sales.

4 *Third*, Defendant argues that this case was exceptional because Plaintiff failed
5 to agree to a co-existence agreement. But it is entirely unclear why this is
6 exceptional conduct, particularly in light of the Court's summary judgment order
7 finding that triable issues of fact remain as to likelihood of confusion.

8 *Fourth*, Defendant argues that Plaintiff litigated this case in bad faith because
9 it allegedly refused to stipulate to an extension of discovery at Defendant's request.
10 Defendant points to other discovery disputes that parties had as well. Nonetheless,
11 it is quite common for litigants to reject offers to extend discovery deadlines for the
12 benefit of their adversary. Discovery disputes regarding a wide range of issues are
13 also common during litigation. As such, this is not exceptional litigation conduct.

14 *Fifth*, Defendant argues that this case was exceptional because Plaintiff
15 allegedly delayed prosecuting this case after the parties' 2013 lawsuit was
16 dismissed. But there is nothing exceptional about a Plaintiff delaying the initiation
17 of a lawsuit to finalize its pre-suit investigations, and to at least explore other
18 alternatives to litigation.

19 *Finally*, Defendant argues that Plaintiff asserted numerous unsupported and
20 incorrect legal theories in this case. However, the only example of this provided by
21 Defendant relates to Plaintiff's argument that Defendant acted in bad faith by
22 deleting goods and services from its trademark application to overcome a likelihood
23 of confusion rejection with Plaintiff's METAL mark, but then continued to sell
24 those goods including the mark. Here, Plaintiff's argument may not have been
25 accepted by the Court, but that does not make it exceptional. *See, e.g., In re*
26 *Protegrity Corp.*, 2017 WL 747329, at *3 (N.D. Cal. Feb. 27, 2017) ("A losing
27 argument is not a relevant consideration; rather, the focus must be on arguments that
28 were frivolous or made in bad faith.") (internal quotes omitted). Further, Defendant

1 was informed by the USPTO that its sales of certain products would be likely to
2 cause confusion, but Defendant continued to sell those products with the METAL
3 marks anyway. That is bad faith conduct that potentially gives rise to willful
4 infringement. Thus, Plaintiff's argument was not frivolous.

5 In sum, Plaintiff has already been sufficiently sanctioned for some of its
6 litigation conduct, and Defendant cannot point to any other exceptional conduct by
7 Plaintiff. Accordingly, the Motion should be denied in its entirety.

8 **D. Awarding Attorneys' Fees Is Not Necessary To Deter Conduct Or**
9 **To Compensate Defendant**

10 Defendant claims that attorneys' fees should be awarded in this case to deter
11 others "who may be tempted to play fast and loose with the truth and trademark
12 rights." As set forth above, however, Plaintiff did not obtain its trademark rights
13 through fraud. Plaintiff applied to the USPTO for the 652 Registration, and Plaintiff
14 sold goods using the METAL mark in commerce, which gave rise to its trademark
15 rights. Plaintiff's representations to the USPTO and the public were reasonable
16 under the circumstances. As such, Defendant overstates the importance of this case,
17 and awarding Defendant its fees will have no deterrent effects on others. Moreover,
18 Defendant used the METAL mark on goods that it knew would be covered by
19 Plaintiff's registered trademark. As such, Defendant does not deserve to be
20 compensated for having to defend against a lawsuit it effectively invited through its
21 own actions.

22 **E. Defendant's Fee Request Is Unreasonable**

23 The Ninth Circuit has held that "[i]n determining reasonable hours, counsel
24 bears the burden of submitting detailed time records justifying the hours claimed to
25 have been expended." *Chalmers v. City of Los Angeles*, 796 F.2d 1205, 1210 (9th
26 Cir. 1986). "Where the documentation of hours is inadequate, the district court may
27 reduce the award accordingly." *Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983). A
28 district court should also exclude from the fee calculation any hours that were not

1 “reasonably expended,” such as hours that are excessive, redundant, or otherwise
2 unnecessary.” *Id.* at 433-34.

3 Defendant’s request for \$537,566.00 for attorneys’ fees is unreasonable for
4 several reasons:

5 *First*, Defendant leaves the burden to Plaintiff and the Court to determine
6 whether the amount sought includes attorneys’ fees that were unnecessary or were
7 not reasonably expended. Defendant provides a summary of fees to the Court that
8 includes fees totals covering various blocks of time. *See* Dkt. 209 at ¶ 21.

9 However, the blocks of time appear to be randomly selected, and multiple tasks
10 performed within those blocks of time are combined together without any further
11 explanation. By summarizing fees in this manner, it is virtually impossible to tell
12 how much in fees Defendant is seeking for the different types of tasks performed.
13 For example, according to its summary, Defendant performed work associated with
14 the summary judgment motion from August 29, 2018 to June 30, 2019. *Id.* But it is
15 impossible to tell how much of the \$336,233.00 billed during that time period
16 actually relates to Defendant’s work on that motion. Thus, Plaintiff cannot assess
17 whether Defendant’s fees were necessary or reasonable.

18 *Second*, even a quick spot check of Defendant’s billing records reveals
19 multiple inefficiencies. For example, on April 30, 2019, Christina Sauerborn spent
20 exactly 8.0 hours “[p]repar[ing] materials for oral hearing on May 6, 2019.” *See*
21 Sealed Declaration of Yuval H. Marcus, Exh. B at 38. But it is entirely unclear why
22 it took that long to prepare materials for the upcoming hearing, what those materials
23 were, and why a paralegal could not have performed that work. On that same day,
24 Natania Buchbinder, who is a paralegal, spent 3.3 hours “[r]eview[ing] documents
25 in preparation for hearing.” *Id.* But it is again unclear why a paralegal needed to
26 prepare for the hearing at all, especially when Yuval Marcus was already preparing
27 for oral argument on that same day. *Id.* As another example, on March 12, 2019,
28 Yuval Marcus billed 1.0 hours in order to, among other things, arrange for payment

1 of travel costs, while Lori Cooper billed 1.1 hours to, among other things, prepare
2 mailing of check to Jahrmarkt. *Id.* at 34. Based on the way counsel's practice of
3 block billing their time, it is impossible to tell how much time counsel billed on
4 these menial tasks. This applies to Defendant's other time entries as well.

5 A detailed analysis of Defendant's invoices would likely show additional
6 inefficiencies and a request for fees that were not necessary or reasonably expended.
7 It is Defendant's burden to prove the reasonableness of the fees sought, not
8 Plaintiff's burden, and not the Court's burden. Because Defendant failed to meet
9 this burden, this Court may deny fees entirely on this basis, *see, e.g., Watts v. United*
10 *States*, 1993 U.S. App. LEXIS 24955, at *3 (9th Cir. 1993) (affirming complete
11 denial of attorneys' fees), or apply a significant reduction to Gilead's requested fee
12 amount. *Hensley*, 461 U.S. at 433; *see also Saint-Gobain Autover USA, Inc. v. Xinyi*
13 *Glass N. Am., Inc.* 707 F. Supp. 2d 737, 762-65 (N.D. Ohio 2010) (holding that
14 monthly hourly total, accompanied by summary of tasks, was insufficient
15 documentation, and adopting a 50% reduction); *Codex Corp. v. Milgo Elec. Corp.*,
16 541 F. Supp. 1198, 1205 (D. Mass. 1982) (adopting a 50% reduction).

17 *Third*, Defendant previously sought and received attorneys' fees in this
18 lawsuit on two separate occasions. In both instances, Defendant's requested fees
19 were reduced by the Court. Nonetheless, through its Motion, Defendant now seeks
20 to recover the fees that the Court previously declined to award. *See* Dkt. 209 at ¶¶
21 30-32. Defendant's request for those fees amounts to nothing more than an
22 untimely motion for reconsideration, which should be denied. *See Selectron Indus.*
23 *Co. v. Selectron Int'l*, 2007 WL 5193735, at *3 (C.D. Cal. Sept. 25, 2007) (denying
24 motion for reconsideration as untimely due to four month delay in filing).

25 *Fourth*, Defendant failed to adequately support that its requested rates,
26 including the rates for its paralegals, was reasonable. Accordingly, those rates
27 should be reduced if any fees are awarded in this case.

28 *Lastly*, Defendant seeks fees based on Plaintiff's alleged litigation

1 misconduct. However, a finding of exceptionality based on litigation misconduct
2 usually does not support a full award of attorneys' fees. *Beckman Instruments, Inc.*
3 *v. LKB Produkter AB*, 892 F.2d 1547, 1553-54 (Fed. Cir. 1989). Instead, the fee
4 award "must bear some relation to the extent of the misconduct," and compensate a
5 party for the "*extra* legal effort to counteract the [] misconduct." *Id.* at 1553
6 (emphasis in original). Defendant failed to address what fees should be awarded if
7 exceptionality is based on litigation misconduct. Accordingly, the Court should
8 either deny Defendant's fees or reduce them if fees are awarded from a finding of
9 exceptionality based on litigation misconduct.

10 Plaintiff reserves all other objections to the time entries and amount requested
11 in the event the Court grants all or part of the Motion.

12 **IV. CONCLUSION**

13 For the foregoing reasons, the Court should deny Defendant's Motion in its
14 entirety. In the alternative, the Court should defer ruling on this motion while the
15 Ninth Circuit appeal is pending, or deny it without prejudice such that Defendant
16 can renew its Motion following resolution of the appeal.

17 DATED: December 2, 2019

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